

MAINE STATE LEGISLATURE

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STATE OF MAINE
LEGISLATIVE RESEARCH COMMITTEE

SUMMARY REPORT
TO THE
ONE HUNDRED AND SIXTH LEGISLATURE

VOLUME ONE

JANUARY, 1973

STATE OF MAINE

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Vice-Chairman

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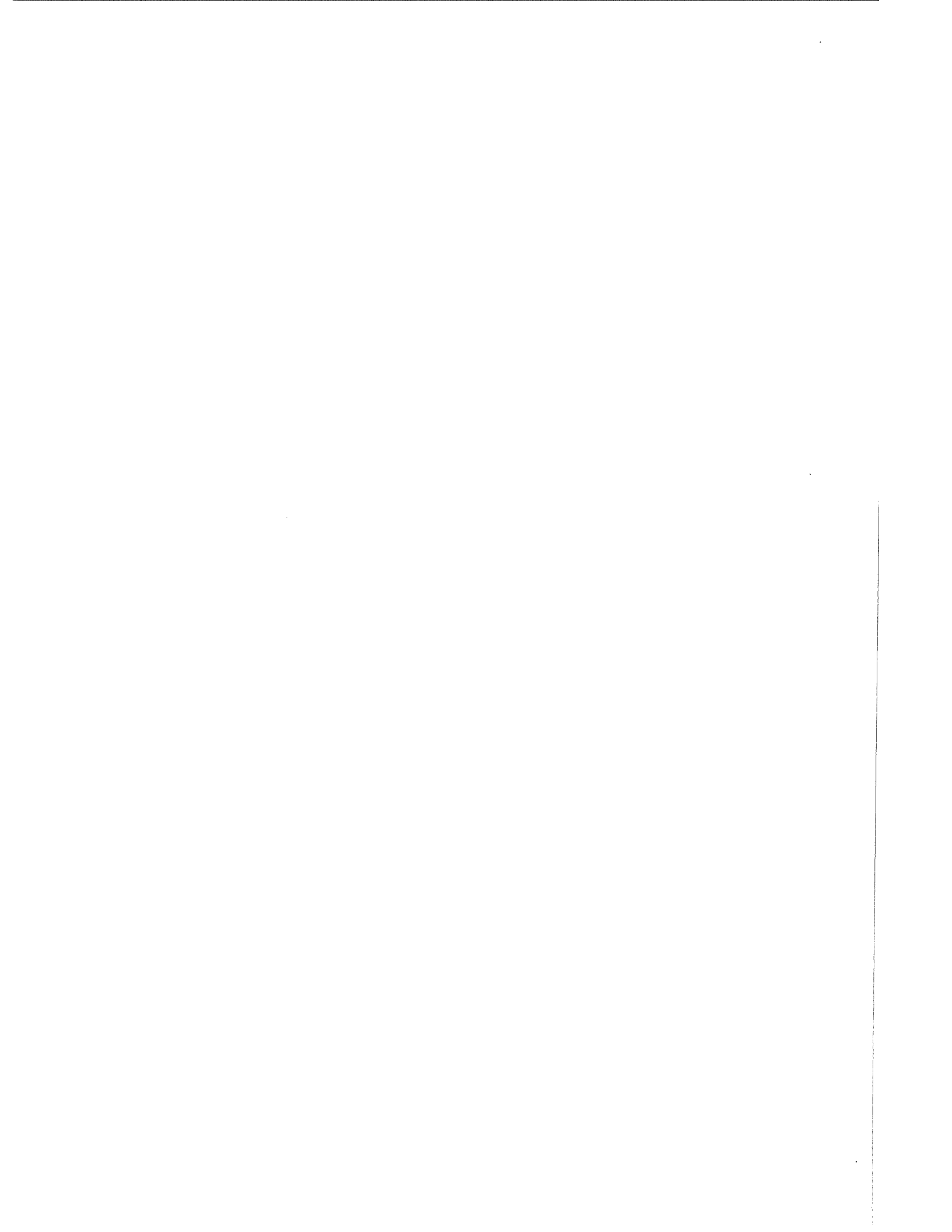
Assistant Director

David S. Silsby, Augusta

*Deceased

**Vice-Chairman, August 18, 1972

***Replaced Representative Gill



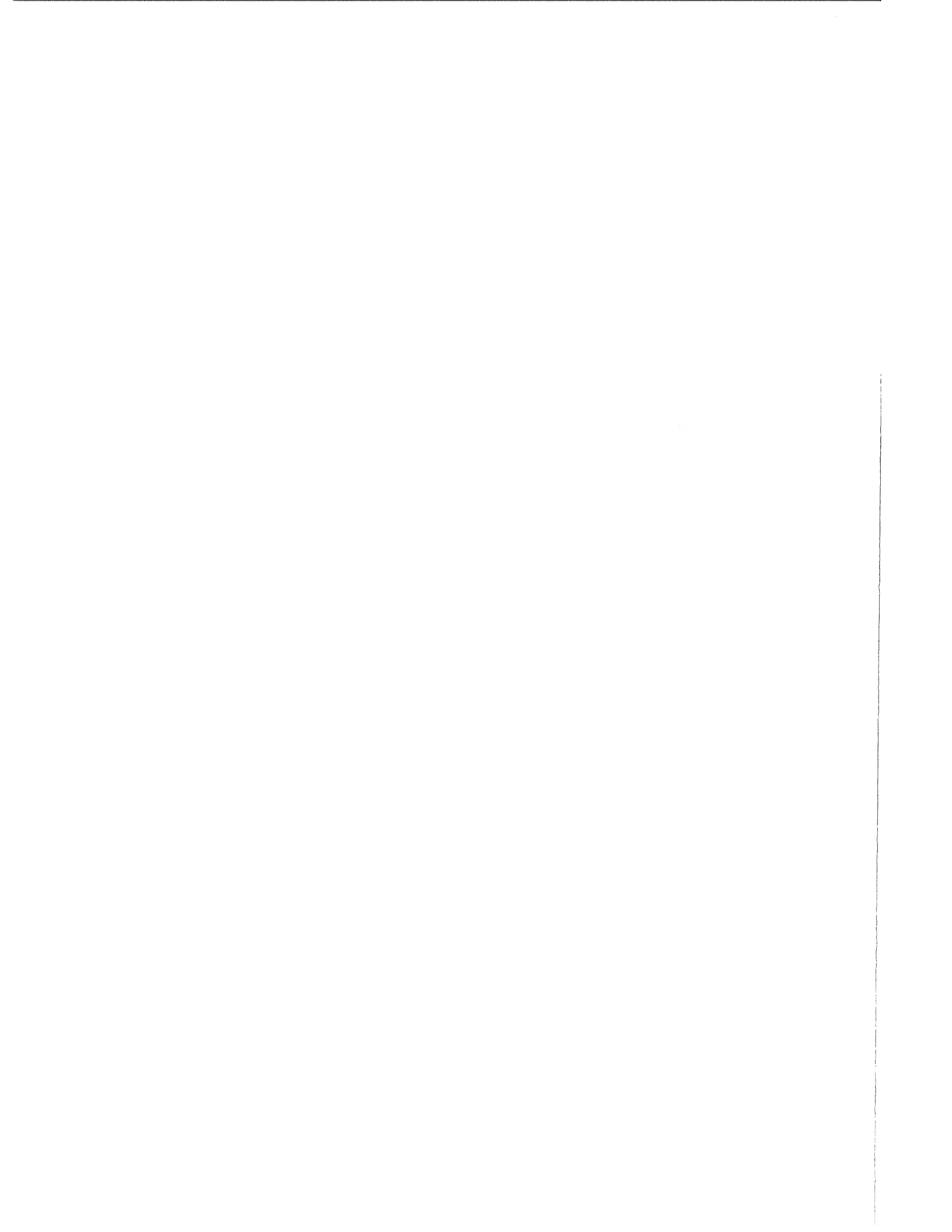
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STATE OF MAINE
LEGISLATIVE RESEARCH COMMITTEE
STATE HOUSE
AUGUSTA, MAINE 04330

January 3, 1973

To the Members of the 106th Legislature:

The Legislative Research Committee hereby has the pleasure of submitting to you its report on activities for the past two years. This summary, designated as Volume I, deals with both assigned and unassigned studies and contains the findings and recommendations pursuant thereto.

The Committee was unfortunate in the loss of its original vice-chairman, the late Representative John E. Gill of South Portland. In his death on July 23, 1972, the State of Maine lost an able public servant. We of the Committee gratefully acknowledge our indebtedness to his ability and his contribution to the work of the Committee.

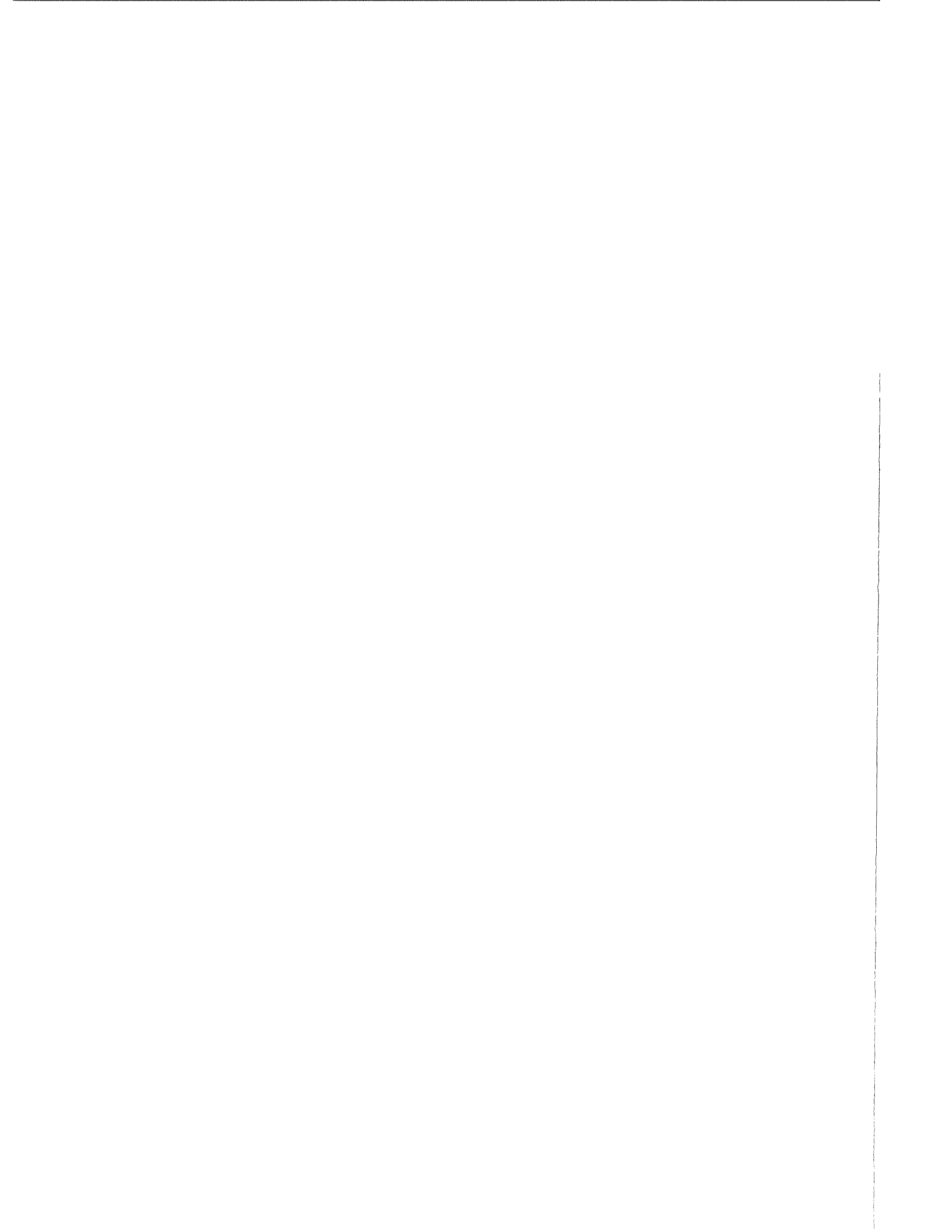
The Committee also wishes to acknowledge with appreciation the countless public and private individuals, organizations and agencies without whose assistance and cooperation the Committee would not have reached its conclusions.

The members of the Committee appreciate having been chosen to participate in this work and sincerely hope the results of many hours of work and devoted study transmitted here will prove beneficial to the members of the Legislature and ultimately to the citizens of the State of Maine.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "J. Sewall".

JOSEPH SEWALL, Chairman
Legislative Research Committee



STATE OF MAINE
LEGISLATIVE RESEARCH COMMITTEE

REPORT ON
BANK CHECKING ACCOUNTS
to the
ONE HUNDRED AND SIXTH LEGISLATURE

JANUARY, 1973
Legislative Research Committee
Publication 106-1

BANK CHECKING ACCOUNTS

"AN ACT Providing for a Study of Whether Savings Banks Should Offer Checking Accounts."

Sec. 1. Legislative Research study. The Legislative Research Committee is authorized and directed to study whether savings banks should offer checking accounts and, if so, the terms and conditions thereof with fair competitive treatment to competing institutions and to determine whether the best interests of the State would be served by enactment of legislation in the area. The Department of Banks and Banking is directed to provide the committee with such technical advice and other assistance as the committee deems necessary or desirable to carry out such study. The committee shall report its findings and recommendations together with any implementing legislation to the next regular session of the Legislature. A copy hereof shall be transmitted forthwith to said Department of Banks and Banking as notice of the pending study.

Sec. 2. Moratorium. Nothing contained in the Revised Statutes, Title 9, Part 2 shall be construed as authorizing savings banks to offer checking accounts. This provision shall not apply to any savings bank presently in litigation on this issue and shall not be effective beyond 90 days after the adjournment of the next regular legislative session.

Ch. 108, P.&S.L. 71
Ault
Wayne

SUBCOMMITTEE ON BANK CHECKING ACCOUNTS

CHAIRMAN - John A. Donaghy

Richard N. Berry

Walter L. Bunker

Armand J. Fortier

Theodore E. Lewin

BANK CHECKING ACCOUNTS

The Legislative Research Committee was authorized and directed, pursuant to chapter 108 of the private and special laws of 1971, to study whether savings banks should offer checking accounts and, if so, the terms and conditions thereof with fair competitive treatment to competing institutions and to determine whether the best interests of the State would be served by enactment of legislation in that area. Further, the Department of Banks and Banking was directed to provide the committee with such technical advice and other assistance as the committee felt necessary or desirable to carry out the study.

In keeping with this mandate, a subcommittee was formed and held numerous hearings with all the various banking interests. As a result of this activity and the knowledge of a corresponding study larger in scope at the federal level otherwise known as the President's Commission on Financial Structure, the committee found itself dealing with an isolated segment of a far greater problem, that of updating and recodifying the entire body of law concerning the financial structure of the State of Maine.

With the release of the report of the Hunt Commission, the acting Bank Commissioner requested authorization which was granted by the Governor and Council on August 23, 1972 pursuant to statutory authority vested in him under 9 M.R.S.A., section 1, to draw on the Department of Banks and Banking dedicated reserve account to engage expert and professional assistance to conduct an in-depth study of the financial structure in the State of Maine and to effect a recodification of the laws of the State of Maine relating to Banks and Banking. The total drawings for such purpose shall not exceed \$80,000. Unexpended and unencumbered balance of dedicated revenue as of fiscal year end 1972 is \$99,326.98.

The study would include a weighting of the recommendations as they relate to the current financial structure in Maine and as against the existing socio-economic conditions, and give considerations as to new bank charters, branching, mergers and holding company acquisitions as they bear upon the public interest under these conditions. The adoption of recommendations would result in a significant revision of statutes and inasmuch as a good part of our present banking laws are a result of "patchwork" of statutes implemented many years ago, it is deemed advisable to coordinate these two efforts in order to provide both financial and supervisory structures that are more responsive to the public interest.

In view of this development and other changes which are expected nationally covering the whole area of banking, the subcommittee endorses this proposal and recommends that any further action by the Legislative Research Committee be deferred relative to thrift institutions establishing checking accounts pending completion of the study and recodification of the State's banking laws as provided in legislation being prepared by the Banking Department for submission to the 106th Legislature.

Also, it is the committee's understanding in endorsing this proposal that the study will be based on recommendations of the Hunt Commission, including recommendations regarding savings bank checking accounts and be conducted in the same manner as the recent successful recodification of the insurance laws.